



# Advisory Actions 2001

Department of General Services  
Office of Public School Construction

State Allocation Board Meeting: August 22, 2001  
Issue Number 07

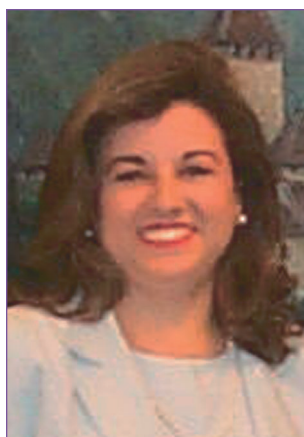
## Executive Corner

### *Facility Hardship Reserve Replenished*

When Hardship reserves were recently exhausted, the State Allocation Board (SAB) chose to completely fund eligible New Construction applications by transferring funds from other funding categories. This action included a transfer of an additional \$13.7 million from those funds previously set aside for Facility Hardships. At its August meeting, the SAB moved to replenish these Facility Hardship funds. Please see the article included in this issue for more details on this topic.

Sincerely,

Luisa M. Park  
Executive Officer  
Office of Public School Construction



*Luisa Park, appointed as OPSC's  
Executive Officer by Governor Gray Davis*

## Governor Appoints Luisa Park As OPSC Executive Officer

The Office of Public School Construction (OPSC) is very pleased to announce the recent appointment by Governor Gray Davis of Luisa Park to the position of Executive Officer. Ms. Park has been serving in the capacity of Interim Executive Officer for the OPSC for the past two years. She has proven herself an especially capable manager in guiding the organization in the challenging transition from the Lease-Purchase Program to the School Facility Program. Ms. Park states that she is honored by the Governor's confidence placed in her as evidenced by the appointment.

The Department of General Services has also expressed its delight in the appointment: Barry Keene, Director, writes: "During her tenure as Acting Executive Officer, she has demonstrated thoughtful, aggressive, and creative responses to the many challenges and controversies inherent in the construction of public schools throughout California." Karen McGagin, Deputy Director, adds: "It has been a pleasure to work with Luisa over the past four years. She has amazing skills in working with the various stakeholders involved in school facilities and is highly regarded."

Ms. Park has a distinguished history of public service and is an excellent example of a conscientious and talented individual that has risen through the ranks. She began her civil service career at the Public Employees Retirement System (PERS) in 1977, transferring from there to the Division of the State Architect (formerly known as the Office of State Architect), and finally joining the OPSC (formerly known as the Office of Local Assistance) in 1981, where she has spent the last 18 years in various management capacities. In 1995 Ms. Park was appointed Deputy Executive Officer, which ultimately led to the position of Interim Executive Officer. Serving now in her new capacity as Executive Officer, Ms. Park continues to play a pivotal role in the direction of this office, now with even greater responsibility; a challenging role she accepts confidently, seriously and with an attitude of service. We invite you to join us in congratulating Luisa Park on this notable achievement as we look forward to providing even greater service to California's public schools and its children under the solid leadership of its new Executive Officer.

## Approval To Purchase Relocatables

The State Allocation Board has approved the purchase of up to 400 State relocatable classrooms. The Office of Public School Construction (OPSC) receives requests for approximately 73 relocatable classrooms per month, on average. Currently, the OPSC does not have any classrooms in inventory and has established a waiting list for districts to receive classrooms. The authorization to purchase 400 relocatable classrooms at this time will address some of the current year's need, and provide a small emergency inventory. Districts are encouraged to submit applications now for deliveries that will begin in late spring, 2002.

## OPSC Reminders...

- ▶ **State Allocation Board Meetings\***  
September 26, 2001  
October 24, 2001
- ▶ **State Allocation Board Implementation Committee Meetings\***  
October 5, 2001 – Sacramento  
November 2, 2001 – Ontario
- ▶ **Joint Use Funding Cycle**  
July 1, 2001 – May 30, 2002: Period for Districts eligible to participate in the Lease-Purchase Program funding of Joint Use projects for gymnasiums, multipurpose rooms and libraries (SB 1795).
- ▶ **SFP New Construction Application Timeline**  
Applications accepted by the OPSC prior to September 28, 2001 will be processed for consideration at the December 2001 SAB Meeting.
- ▶ **Interest Earned Report (Form SAB 180)**  
Due quarterly (March 31, June 30, September 30, December 31) from each county for all districts that have earned interest from the Leroy F. Greene Lease-Purchase Fund.

\* Meeting dates subject to change. Check the OPSC Web site at <http://www.dgs.ca.gov/opsc> for latest dates and times.

## Deferred Maintenance Program... Program Improvements in the Works

Streamlining solutions, among other Deferred Maintenance Program (DMP) improvement topics, were discussed by the Board at its August meeting. The DMP is already a highly successful program and realizes a high percentage of school district participation statewide. With that said, there remains a concern that some districts are not maintaining facilities at acceptable levels and are, in fact, continuing to fall behind on needed maintenance work. This is understood to be primarily attributable to an aging facilities inventory and a corresponding lack of dedicated funding.

In the wake of the DMP regulation changes proposed earlier this year, the Office of Public School Construction (OPSC) presented a report at the August meeting of the State Allocation Board (SAB) which addressed a number of issues, including questions such as:

- ◆ What deferred maintenance guidelines are currently made available to districts?
- ◆ What accountability measures are in place regarding completion of projects included on five-year plans and what percentage of these are completed?

- ◆ Are there standards for the timely completion of essential maintenance efforts?

The Board accepted the report and directed the OPSC to begin a thorough review of the SAB regulations on Deferred Maintenance, with an emphasis on:

- ◆ Application streamlining
- ◆ Local involvement in the five-year plan
- ◆ Assurances that Critical Hardship projects meet legal standards of eligibility
- ◆ Completion of Critical Hardship projects in a timely manner
- ◆ Efforts to ensure full district participation

The Board also directed the OPSC to make a determination as to the actual need for a Best Practices Manual for Deferred Maintenance and to complete a more detailed analysis of the possible cost of production.

Questions regarding the DMP may be directed to Ms. Rachel Wong at 916.445.7880 or Ms. Lisa Constancio at 916.322.0317.

## Material Inaccuracy

The State Allocation Board (SAB) has adopted regulations to implement Senate Bill 2066. This statute provides prescriptive remedies when falsely certified information is encountered; also described as "material inaccuracy".

The regulations contain the following major provisions:

- ◆ A material inaccuracy is any falsely certified information that allowed the district to receive a funding advantage.
- ◆ The SAB must find that a material inaccuracy occurred, prior to the imposition of any repayment or other remedy.
- ◆ When a material inaccuracy finding has been made, the district will be prohibited from further self-certification for a period of up to five years, and will be required to pay appropriate processing costs as a result of the additional verifications that must be made by the Office of Public School Construction.

- ◆ If an apportionment was made, it shall be reduced by the amount of the additional funding realized as a result of the material inaccuracy.
- ◆ If a fund release is made, the amount of the fund release resulting from the material inaccuracy shall be repaid within five years in a manner prescribed by the SAB.

It is anticipated that these regulations will be finalized through the regulatory process by early 2002.

## Hardship Funding: Declarations

As of the June 2001 State Allocation Board (SAB) meeting, all School Facility Program (SFP) hardship category funds, which includes financial hardship and excessive cost grants, have been exhausted and the SAB is unable to make the full apportionment for these new construction projects that otherwise meet the SAB funding priority requirements. Excessive cost grants are frequently used to cover a portion of a new construction application to fund excessive costs that are not covered by the basic grant such as those associated with geographic location and small size projects (Regulation Section 1859.83).

On August 14, 2001, the Office of Public School Construction (OPSC) contacted all districts that have an application that is currently being processed by the OPSC or that has received an "unfunded approval" by the SAB, to request a declaration of its funding preference pursuant to Regulation Section 1859.94. This Section, regarding hardship funding, was approved by the Office of Administrative Law and filed with the Secretary of State, effective August 13, 2001 and allows districts to either accept or decline partial funding for the project. If a district accepted funding, it would receive a partial apportionment with the unfunded portion (financial or excessive cost hardship) of the project being placed on the "unfunded" list. If a district declined funding, the entire project would be placed on the "unfunded" list.

There are important time limit issues for a district to consider when electing the option to take a partial apportionment and have the "hardship" portion of the project placed on the "unfunded" list. Under law, once a partial apportionment is made, time limits will be initiated that the district must comply with such as:

### Time Limit To Submit A Fund Release Request

A district must submit the Form SAB 50-05, *Fund Release Authorization*, within 18 months of receiving an apportionment for a separate site or adjusted grant. Please see the information contained on Form SAB 50-05. The SFP Regulation Section 1859.90 stipulates that this form must be submitted within 18 months of the apportionment of an SFP grant or the entire new construction or modernization grant will be rescinded without further Board action.

### Time Limit To Demonstrate Substantial Progress

Once a fund release has occurred, a district has 18 months to demonstrate that substantial progress has been made on a project. Please refer to SFP Regulation Section 1859.105 for a list of the specific criteria for achieving substantial progress. Additionally, districts that receive the funds immediately released for Separate Design are advised to take special note of Section 1859.105(c), which requires that an acceptable funding application be submitted to the OPSC within 18 months in order to demonstrate substantial progress.

**IMPORTANT NOTE:** A district may change its declaration of funding option at any time. However, to insure that the project receives consideration under the priority point mechanism for quarterly funding at the September 26, 2001 SAB meeting, the revised declaration request must be signed by the authorized district representative and received by the OPSC no later than September 14, 2001.

## Project Tracking Number Generator

A Web site is currently being developed that will allow school districts a point of entry in beginning a school facility project. This interactive Web-based application will generate a project tracking number each time a school district logs in a proposed school facility project. The benefit of the project tracking number system to school district representatives and other stakeholders will be the ability to access the status of a specific school district project through the Project Tracking Systems offered by the Division of the State Architect (DSA), the Office of Public School Construction (OPSC) and the California Department of Education, as the project progresses through the various approval processes. To obtain the project tracking number, a school district will

enter information about a proposed project, such as the name of the school, type of school, type of project, square footage, and other basic information. The project tracking number will be required on all application forms for the three State agencies.

This Web site will provide a summary of the basic information entered by the district on each school project assigned a project tracking number. This will assist school districts in managing their projects and avoid duplicate entries for the same project.

Some school districts will be asked to participate in the testing of the Web site. It is anticipated that this Web site called the "Project Tracking Number Generator" will be online October 1, 2001.

## Application Processing Date Change... Regulations Adopted

The Office of Public School Construction (OPSC), after months of research, analysis and discussion on this issue, presented date change regulations that were adopted by the State Allocation Board at its August meeting. These regulations, when finalized through the regulatory process, will provide for consideration of a date change if a district has received a certification letter by either the OPSC, the California Department of Education, the Division of the State Architect or the Department of Toxic Substance Control, that the project was delayed in its processing. If the project were delayed, the amended regulations would provide that:

- ◆ The project may receive an earlier date on the "unfunded" list as a result of the delay.
- ◆ The project could receive funding in a subsequent quarter if the project would have received funding in an earlier quarter, had it not been disadvantaged by the State agency.

## Other Regulation Updates

### Use of Grants

Section 1859.77.2, Use of New Construction Grant Funds, was approved by the Office of Administrative Law (OAL) and filed with the Secretary of State, effective August 13, 2001. Section 1859.77.2 was simplified in order to allow the Office of Public School Construction to accept and process any use of grants request that did not exceed the threshold of 135 percent of capacity while priority points are in effect. When priority points are not in effect, the maximum threshold of 135 percent can be exceeded and will allow districts more flexibility to request projects with limited capacity.

### SAB 50-04 (Be Sure To Use The Latest Version)

The Form SAB 50-04, *Application for Funding*, was amended with an effective revision date of 03/01. Districts should be advised that the 03/01 version is available on our web site and must be utilized when submitting applications. The Form SAB 50-04 was amended to include an additional certification relating to the use of new construction grants.

Please take note of the important information addressed in a separate article in this issue regarding the hardship funding declaration. For complete details on these and additional proposed regulatory changes, please access the OPSC Web site at [www.dgs.ca.gov/opsc](http://www.dgs.ca.gov/opsc).

## Status of Funds

### Per the August 22, 2001 State Allocation Board Meeting

<i>Program</i>	<i>Funds Available as of 07.25.01</i>	<i>Apportionments and Adjustments</i>	<i>Balance Available as of 08.22.01</i>
<b>Proposition 1A</b>			
New Construction	951.8	(12.6)	939.2
Modernization	0.3	0	0.3
Hardship	0	0	0
Facility Hardship (Reserved)	28.8	14.3*	43.1
<b>Subtotal</b>	<b>\$980.9</b>	<b>\$1.7</b>	<b>\$982.6</b>
<b>Prior Bond Funds</b>			
Contingency Reserves	34.7	0.2	34.9
AB 191	3.7	0	3.7
<b>Subtotal</b>	<b>\$38.4</b>	<b>\$0</b>	<b>\$38.6</b>
<b>Grand Total</b>	<b>\$1,019.3</b>	<b>\$1.9</b>	<b>\$1,021.2</b>

Note: Amounts are in millions of dollars. Amounts within parentheses ( ) are negative amounts.  
The State Allocation Board funded approximately \$42,498 for the Deferred Maintenance Program.

\*Includes a \$13.7 million transfer of funds from the State Relocatable Program.

## Construction Cost Indices

### Lease-Purchase Program

#### Construction Cost Indices for August 2001

Class "B" Buildings	1.41
Class "D" Buildings	1.40
Furniture and Equipment	1.39
Historical Savings Index	8.20

**Class "B" Buildings:** Constructed primarily of reinforced concrete, steel frames, concrete floors and roofs.

**Class "D" Buildings:** Constructed primarily of wood.

**Furniture and Equipment:** An index based on an adjustment factor obtained quarterly from the Marshall & Swift Company.

**Historical Savings Index:** An index derived quarterly from the SAB approved new construction (growth) contract bids. It is the percentage difference between the SAB/OPSC generated construction allowance and the approved contract bid.

Copies of the applicable SAB actions, proposed regulations, and additional information can be located on the OPSC Web site at <http://www.dgs.ca.gov/opsc>. Should you have questions or need any additional information regarding the contents of this advisory, please contact your project manager.



*Advisory Actions 2001*

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